

Message Text

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51

ACTION ARA-10

INFO OCT-01 AF-06 EUR-12 EA-10 NEA-09 ISO-00 IO-10 ERDA-07

AID-05 CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00 EB-07

FEAE-00 FPC-01 H-02 INR-07 INT-05 L-02 NSAE-00 NSC-05

OMB-01 PM-03 SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00

FRB-01 PA-02 PRS-01 USIA-15 /152 W

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R 251905Z APR 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 8539

INFO AMEMBASSY BEIRUT

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIMA

AMEMBASSY LONDON

AMEMBASSY MEXICO

AMEMBASSY PORT OF SPAIN

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

AMCONSUL DHAHRAN

USMISSION OECD PARIS

UNCLAS CARACAS 4403

E.O. 11652: N/A

TAGS: ENRG, VE

SUBJ: CURRENT AND MARCH 1975 VENEZUELAN OIL PRODUCTION -
FURTHER CUTS ANNOUNCED

REF: CARACAS 3135

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1. AVERAGE DAILY OIL PRODUCTION FOR 1975 THROUGH APRIL 16 WAS

2,601,717 BBLs. THIS WAS 19.03 PERCENT OR 611,329 B/D LESS THAN SAME 1974 PERIOD.

2. PRODUCTION FOR MARCH 1975 AVERAGED 2,535,289 B/D. THIS WAS 37,699 B/D BELOW THE PREVIOUS MONTH. FOLLOWING PUBLICATION OF ABOVE STATISTICS, THE MINISTER OF MINES AND HYDROCARBONS ANNOUNCED THAT FURTHER REDUCTION OF 100,000 B/D WOULD BE IMPLEMENTED IMMEDIATELY. THIS WILL BRING PRODUCTION LEVEL DOWN TO 2.4 MILLION B/D BY THE END OF APRIL, "AS PREVIOUSLY PLANNED." WITH NEW REDUCTION, VENEZUELAN PRODUCTION WILL HAVE DECLINED BY OVER 200,000 B/D SINCE BEGINNING OF APRIL. NEW 2.4 MILLION B/D LEVEL WILL BE LOWEST

SINCE 1956.

3. MINISTER JUSTIFIED REDUCTION, ON BASIS OF SLIGHTLY LESS INTERNATIONAL MARKET DEMAND, AS MEASURE TO MAINTAIN PRESENT PRICE LEVELS. THIS IS FIRST TIME SINCE TREND OF PRODUCTION CUTBACKS BEGAN IN 1974 THAT GOV DID NOT CITE CONSERVATION AS REATIONALE FOR REDUCTION.

4. ON APRIL 7, A BRIEF ITEM APPEARED IN CARACAS EL NACIONAL REPORTING THAT MINES MINISTER TOLD NEWSPAPER GOV WILL REDUCE PRICES OF LOW SULFUR RESIDUAL FUEL OIL BEFORE END OF APRIL. MINISTER REPORTEDLY SAID THAT U.S. MARKET FOR THIS TYPE OF PRODUCT HAS WEAKENED, RESULTING IN BUILDUP OF REFINERY INVENTORIES HERE. HE SAID THAT QUANTITY OF THIS TYPE OF OIL PRODUCED IS NOT SIGNIFICANT AND WILL HAVE NO EFFECT ON WORLD PRICE FOR OTHER VENEZUELAN OIL PRODUCTS. COMMENT: LOW SULFUR RESIDUAL FUEL OIL ACCOUNTED FOR 19.1 PERCENT OF TOTAL REFINERY PRODUCTION IN 1974, OR ABOUT 227,000 B/D.

5. AS OF BEGINNING OF THIS WEEK PRICE REDUCTION HAD NOT BEEN PUT INTO EFFECT.
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Message Attributes

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Disposition Event:
Disposition History: n/a
Disposition Reason:
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Margaret P. Grafeld
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05 JUL 2006

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